

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

**Release Number: 201219033
Release Date: 5/11/2012
Date: February 16, 2012**

Employer Identification Number:

Contact Person - ID Number:

Contact Telephone Number:

UIL: 4945.04-04

LEGEND

B = city
w = number
y = dollar amounts
z = dollar amounts

Dear

We have considered your request for advance approval of your grant-making program under section 4945 (g)(1) of the Internal Revenue Code, dated September 6, 2011.

Our records indicate that you are recognized as exempt from federal income tax under section 501(c)(3) of the Code and that you are classified as a private foundation as defined in section 509(a).

You will operate a scholarship program to acknowledge and reward individuals for their past diligence, and provide encouragement to them with regard to their future promise. Initially, you anticipate w individuals attending public high schools from the B area will be eligible to apply. A recipient will be selected from each applicant's school. You expect to award at least one scholarship per school annually, with the number of awards to increase relative to funding. The amount of your scholarship will range from y dollars, depending on available funds, and it is not renewable. Additionally, you will contribute funds of approximately z dollars to the selected recipient's charitable institute of choice.

Your program will be publicized on school websites and at extracurricular events. Information about the program will be presented to the students and their families in the course of college planning in their junior year, in meetings with college counselors, and in the schools description of available opportunities.

All individuals in the junior class who plan to attend a post-secondary educational institute described in Section 170(b)(1)(A)(ii) of the Internal Revenue Code are eligible. College counselors, guidance counselors, teachers and other school personnel familiar with the student body will serve as nominators. This group of individuals will nominate students who have distinguished themselves by having

overcome significant obstacles or hardship in order to strive for their best potential, and who have exceptional promise or talent that sets them apart. Nominators are asked to complete a nomination form and describe examples of how the student distinguished themselves in these ways.

Nominated individuals will complete an application providing their GPA, ACT/SAT scores and answer a variety of questions regarding their background and qualifications. Questions asked will allow you to learn about the individual's responsibilities to their family and community, home and family life, unique challenges they have overcome, goals, how they would change the world, and what charity they will share their award with and why.

Final selections will be made by a selection committee consisting of your current board members and others to be determined. Relatives of members of the selection committee, officers, directors, and substantial contributors are ineligible for awards.

Upon selection, the awards will be paid directly to the school the individual will attend. The school will only apply the award if the recipient is an enrolled student in good standing. Should the individual defer college matriculation, distribution of the award may be postponed for up to twelve months. Recipients may apply their award to one or more years of allowable college costs. The terms in accepting the award are given in your award application and must be agreed to before funds can be released.

The following records will be kept to satisfy the requirements of Treasury Regulation Section 53.4945-4(c)(6):

- ❖ All information secured to evaluate the qualifications of potential scholarship recipients
- ❖ The identity of each scholarship recipient, the name of the scholarship recipient's school and an official at such school, and any information on relationships that would cause the recipient to be a disqualified person with respect to your organization within the meaning of Section 4946(a)
- ❖ The amount disbursed to each scholarship recipient's school

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);

- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your scholarship program will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

In addition, we have determined that awards made under your procedures are 'scholarship or fellowship' grants within the meaning of sections 4945(g)(1) and 117 of the Code, and are excludable from the gross income of the recipients subject to the limitations provided in section 117(b) of the Code, including to the extent that such grants are used for qualified tuition and related expenses within the meaning of section 117(b)(2) of the Code.

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures herein constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(1) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should

maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

We have sent a copy of this letter to your representatives as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois Lerner
Director, Exempt Organizations

Enclosure
Notice 437
Redacted letter copy